


**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
FINANCE COMMITTEE
MINUTES OF MEETING**

June 17, 2008



The Finance Committee met on June 17, 2008, in the Robert F. Carlson Auditorium, Lincoln Plaza Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:04 a.m. and the following members were present:

Tony Oliveira, Chair
Terry McGuire for John Chiang, Vice Chair
Henry Jones
Jim Zerio for Bill Lockyer
Louis F. Moret

Excused Member(s):
Kurato Shimada
Charles Valdes

Other Board Member(s):
Rob Feckner
Priya Mathur
John Chiang

AGENDA ITEM 2 – APPROVAL OF APRIL 21, 2008, MEETING MINUTES

The minutes were approved as presented.

AGENDA ITEM 3 – VOLUNTEER FIRE FIGHTERS' FUND AUDIT

Larry Jensen, Chief Auditor, Office of Audit Services, led the presentation of the draft Basic Financial Statements of the Volunteer Firefighters' Length of Service Award Fund to the Committee as an action item.

On **MOTION** by Jim Zerio, **SECONDED** and **CARRIED**, the Board approved the draft Basic Financial Statements of the Volunteer Firefighters' Length of Service Award Fund, as audited by Macias Gini & O'Connell LLP for the period ending February 29, 2008, and the letter of transmittal.

AGENDA ITEM 4 – REAL ESTATE AUDITOR SPRING FED POOL – FINALIST

Mr. Jensen presented the Real Estate Auditor Spring Fed Pool Finalist to the Committee as an action item.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Board approved the following:

- Expanding the specialties for existing firms in the Real Estate Spring Fed Pool to perform additional services
- Selection of new firms in the Real Estate Spring Fed Pool

AGENDA ITEM 5 – OFFICE OF AUDIT SERVICES QUARTERLY STATUS REPORT

Margaret Junker, Assistant Division Chief, Office of Audit Services, presented the quarterly report to the Committee as an information item.

AGENDA ITEM 6 – RISK ASSESSMENTS

Mr. Jensen and Phyllis Miller, Supervising Managing Auditor, presented the Risk Assessments to the Committee as an information item.

AGENDA ITEM 7 – BIENNIAL AUDIT PLAN

Mr. Jensen presented the Biennial Audit Plan to the Committee as an action item. At the direction of the Chair, the audit plan recommendation was modified to include the addition of an audit of Kaiser's Rate Setting Methodology.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Board approved the Biennial Audit Plan for fiscal years 2008-09 and 2009-10 with the addition of an audit of Kaiser's Rate Setting Methodology.

AGENDA ITEM 8 – CHIEF AUDITOR'S REPORT

A matrix was presented reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

AGENDA ITEM 9 – COMPLIANCE RISK ASSESSMENT

Sherry Johnstone, Chief Compliance Officer, and Debbie Bennett, Assistant Chief, Office of Enterprise Compliance, presented the outcomes of the enterprise-wide Compliance Risk Assessment to the Committee as an information item.

AGENDA ITEM 10 – COMPLIANCE OFFICE REPORT

Ms. Johnstone presented a matrix reflecting the status of various activities occurring within the Office of Enterprise Compliance to the Committee as an information item.

AGENDA ITEM 11 – ASSISTANT EXECUTIVE OFFICER'S REPORT

Teri Bennett, Assistant Executive Officer, presented a matrix reflecting the status of various activities occurring within the Information Technology Services Branch to the Committee as an information item.

AGENDA ITEM 12 – FISCAL YEAR 2008-09 BUDGET PROPOSALS (SECOND READING)

Russ Fong, Chief, Fiscal Services Division, presented the Budget and Expenditure Report to the Committee as an action item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Board approved the transmittal letter and submission of the Budget and Expenditure Report through the third quarter of FY 2007-08 to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2007, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.

AGENDA ITEM 13 – CURRENT BUDGET ISSUES

Steve Pietrowski, Assistant Chief, Fiscal Services Division, presented the following issues to the Committee as an information item:

- Budget Change Proposals – Health Program
- Judges' Retirement System I
- 9650 Health and Dental Benefits for Annuitants

AGENDA ITEM 14 – INFORMATION TECHNOLOGY VENDOR POOL

Rick Nelson, Chief, Operations Support Services Division, presented a justification to amend the current purchasing limitations goods and services to the Committee as an action item.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Board approved the amendment of Board Resolution 92-04B-6, dated April 17, 1996, to increase Information Technology Goods and Services purchase limitations.

AGENDA ITEM 15 – CalPERS HEADQUARTERS OFFICE SPACE

Mr. Nelson presented the current status of office space at CalPERS Headquarters to the Committee as an information item.

AGENDA ITEM 16 – LINCOLN PLAZA CAFÉ REMODEL

Mr. Nelson presented information to the Committee regarding remodeling the Lincoln Plaza Café.

AGENDA ITEM 17 – ASSISTANT EXECUTIVE OFFICER REPORT

John Hiber, Assistant Executive Officer, presented the annual calendar review and a matrix that reflected the status of various activities to the Committee as an information item.

AGENDA ITEM 18 – PROPOSED SEPTEMBER 2008 AGENDA

The proposed September 2008 agenda was presented to the Committee.

AGENDA ITEM 19 – PUBLIC COMMENT

There was no public comment.

The next Finance Committee meeting is scheduled for September 16, 2008, in Sacramento, California.

Date: _____

KENNETH W. MARZION
Interim Chief Executive Officer